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PENGUIN MAGIC, INC.

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

YIGAL MESIKA, an individual,

Plaintiff,

vs.

PENGUIN MAGIC, INC., a Nevada
corporation, DOES 1-10, inclusive,

Defendant.

Case No. 2:15-cv-09314-RGK-DTB

[PROPOSED] ORDER

Judge: Hon. R. Gary Klausner
Date: October 31, 2016
Time: 9:00 a.m.
Place: Courtroom 850
255 E. Temple St.
Los Angeles, CA 90012

The Court, having read and considered, *inter alia*, Defendant Penguin Magic's ("Penguin Magic") Memorandum of Points and Authorities, Statement of Uncontroverted Facts and Conclusions of Law and supporting evidence, and finding that the Motion is meritorious, hereby orders that the Motion is GRANTED for the following reasons:

Plaintiff Yigal Mesika ("Mesika") asserts the following claims: (1) federal trademark infringement under 15 U.S.C. § 1114(1)(a); (2) Lanham Act unfair competition under 15 U.S.C. § 1125(a); (3) unfair trade practices under California law; and (4) false advertising under California law.

Mesika's claims for federal trademark infringement and unfair trade practices under California law are barred as a matter of law. Mesika is not the

1 owner of the alleged underlying trademark. Therefore, he lacks standing to bring
2 claims for trademark infringement of the alleged LOOPS mark. *Gaia Techs. v.*
3 *Reconversion Techs.*, 93 F.3d 774, 777 (Fed. Cir. 1996). Furthermore, his federal
4 Registrations are void *ab initio*. 37 C.F.R. § 2.71(d).

5 The alleged underlying trademark and Registrations, if owned by Mesika,
6 would be invalid as abandoned by naked licensing. *FreecycleSunnyvale v.*
7 *Freecycle Network*, 626 F.3d 509, 515 (9th Cir. 2010) (“‘Naked licensing’ occurs
8 when the licensor fails to exercise adequate quality control over the licensee.”).
9 Mesika failed to exercise adequate quality control over his licensee Finn Jon, and
10 consequently he is estopped from asserting rights to the trademark. *Barcamerica*
11 *Int’l USA Trust v. Tyfield Importers, Inc.*, 289 F.3d 589, 596 (9th Cir. 2002).

12 Alternatively, the alleged underlying trademark and Registrations are also
13 invalid as generic. The term “loops” is and has been a generic name for any tied
14 loop of invisible elastic thread. As such, it cannot serve as a trademark. *Off. Airline*
15 *Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993).

16 Mesika’s Registrations are also invalid as obtained by fraud. Throughout the
17 application process, Mesika misrepresented his ownership of the underlying
18 alleged mark LOOPS, and he continued this misrepresentation during post-
19 issuance submissions. Mesika also misrepresented the sales and advertising levels
20 attributable to his products to justify issuance of the Registrations based on
21 acquired distinctiveness. Mesika’s actions were fraudulent because the
22 misrepresentations were false, Mesika knew they were false, they were made with
23 the intent to induce reliance by the Trademark Office, and the Trademark Office in
24 fact relied upon them, ultimately resulting in the erroneous issuance of Mesika’s
25 Registrations. *Robi v. Five Platters, Inc.*, 918 F.2d 1439, 1444 (9th Cir.1990).

26 Even if the underlying trademark and Registrations are not invalid, Penguin
27 Magic has not infringed them. The only evidence presented by Mesika during this
28 litigation is of nominative fair uses and/or uses protected under the first sale

1 doctrine. These uses do not constitute trademark infringement or unfair
2 competition. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175 (9th
3 Cir. 2010); *Sebastian Int'l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074
4 (9th Cir. 1995). Mesika is enjoined from asserting claims against Penguin Magic
5 for the same or similar conduct.

6 Mesika's remaining claims for federal unfair competition and false
7 advertising under California law are also barred as a matter of law. To sustain
8 either claim, Mesika must identify specific false statements of fact that are known
9 to be untrue or misleading. Mesika has identified no such statements in his
10 pleadings, and Mesika has produced no evidence of such statements during this
11 litigation. Therefore, Mesika's claims fail as a matter of law. *Southland Sod*
12 *Farms v. Sover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir.1997); *Vitt v. Apple*
13 *Computer, Inc.*, 469 Fed. Appx. 605, 607 (9th Cir.2012).

14 Finally, the Court finds this is an exceptional case under 15 U.S.C. §
15 1117(a). Mesika's claims were groundless, unreasonable, vexatious, or pursued in
16 bad faith. Therefore, Penguin Magic is entitled to an award of reasonable
17 attorneys' fees and costs. *Secalt S.A. v. Wuxi Shenxi Const. Mach. Co.*, 668 F.3d
18 677, 687 (9th Cir. 2012). Penguin Magic shall file a petition for an award of fees
19 and costs within 21 days of this order.

20 **It is SO ORDERED.**

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